

BUSINESS OPPORTUNITY

**UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE**

Delaware Water Gap National Recreation Area

**Proposal to Operate Camping, Retail, Equipment Rentals and Other Services at
Dingmans Campground**

CONCESSION CONTRACT NO. CC-DEWA001-15



TABLE OF CONTENTS

1) INTRODUCTION	1
A) The National Park Service and Its Mission	1
B) Mission of Delaware Water Gap National Recreation Area	2
2) MARKET AREA OVERVIEW.....	3
A) Pocono Mountains Regional Market	3
B) Delaware Water Gap National Recreation Area Visitation.....	3
C) Dingman’s Campground and Surrounding Area.....	4
3) CURRENT CONCESSION OPERATION.....	5
A) Contract.....	5
B) Location	5
4) HISTORICAL INFORMATION	7
A) Revenues	7
B) Expenses.....	7
5) FUTURE CONCESSION OPERATION.....	8
A) Scope of Services Required or Authorized	8
B) Special Considerations and Additional Business Opportunities.....	9
C) Projected Future Revenues	10
D) Projected Future Expenses.....	10
6) INVESTMENT ANALYSIS.....	11
A) Personal Property	11
B) Inventory	11
C) Supplies.....	11
D) Deferred Maintenance.....	11
E) Leaseholder Surrender Interest	12
7) PREFERRED OFFEROR DETERMINATION	12
8) REPAIR AND MAINTENANCE RESERVE.....	12
9) FRANCHISE FEE	12
10) SITE VISIT.....	13
11) TERM AND EFFECTIVE DATE OF DRAFT CONTRACT	13



1) **INTRODUCTION**

The National Park Service ("Service") intends to award a concession contract in the Delaware Water Gap National Recreation Area (the "Park" or "Area") to Operate Camping, Retail, Equipment Rentals and Other Services at Dingmans Campground, in Dingman's Ferry, Pennsylvania. This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services required by the Service.¹ Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the Draft Concession Contract No. CC-DEWA001-15 ("Draft Contract"), including its exhibits, to determine the full scope of a future Concessioner's responsibilities.

The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (P.L. 105-391) as implemented by the Service in 36 C.F.R. § 51. The term "Concessioner" as used in this Prospectus refers to the entity that will be the Concessioner under the Draft Contract. The Term "Current Concessioner" refers to *Teresa A. Toomer and Walter D. Toomer*, the Current Concessioner under the current concession contract ("Current Contract"). The Current Contract and a copy of 36 C.F.R. § 51 are included as Appendices to this Prospectus.

In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. § 51, Part 51 of Title 36 will prevail. In the event of any inconsistency between the description of the terms contained in this Prospectus and the Draft Contract itself, the terms of the Draft Contract will prevail.

A) The National Park Service and Its Mission

In 1916, President Woodrow Wilson approved legislation creating the Service within the Department of the Interior. That legislation mandated that America's National Park Service was created by Congress to:

...conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. § 1)

Additionally, Congress declared that the National Park System should be:

...preserved and managed for the benefit and inspiration of all the people of the United States.... (16 U.S.C. §1a-1)

The Service has as its overall mission the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the National Park Service, visit

¹ The information and assumptions included in the Prospectus are based on a review and interpretation of available public records, Service records, and consultation with knowledgeable sources and are believed to be accurate. However, the Service makes no representations or warranties as to the accuracy or completeness of such information and assumptions. Offerors are responsible for undertaking appropriate due diligence with respect to the Prospectus. Should any Offeror believe any statement in the Prospectus to be inaccurate, the Offeror should submit comments to the Service in writing, as provided in the Proposal Instructions.



www.nps.gov. This site includes information about the Service, its mission, policies, and individual parks.

B) Mission of Delaware Water Gap National Recreation Area

Delaware Water Gap National Recreation Area was established in 1965. The mission of the Park is to provide outdoor recreation opportunities while conserving the natural, cultural and scenic resources of the Park. In so doing, the Park works cooperatively with surrounding communities and the public to achieve the conservation goals of the Delaware River region.

Delaware Water Gap National Recreation Area encompasses nearly 70,000 acres along the Middle Delaware National Scenic and Recreational River in Pennsylvania and New Jersey. The 40-mile river valley is about a two hour drive from both New York City and Philadelphia. At the southern end of the Park the river cuts an S-shaped pass through the mountains, forming the Delaware Water Gap.

The river is indisputably the Park's focal point. It provides some of the best canoeing, rafting, tubing, and fishing in the eastern United States. Its waters are of exceptional quality, and provide drinking water to ten percent of the nation's population. The Appalachian Trail runs along Kittatinny Ridge, which parallels the river to the east; the escarpment of the Pocono Plateau bonds it on the west. The ridges and river valley contain streams, waterfalls, numerous geologic features, and a diversity of plants and wildlife.



Recreation is the Park's main attraction, and opportunities are to be found in abundance. There's boating on the river, technical climbing on escarpments, hunting and fishing on lands and streams, swimming in lakes and rivers, camping on both islands and shore, and hiking, biking, horseback riding, and cross country skiing on many miles of trails.

The Park also has a remarkable variety of cultural resources. Archeological investigations continue to uncover an extraordinary number of Native American

villages, camps, and other sites. There are vestiges of the French and Indian and Revolutionary Wars and of the frontier life of early America. Examples of the distinctive architecture of the Delaware Valley exist, ranging from Dutch to Victorian and constructed from a variety of materials.



Additionally, several historic villages are located in the Area, which capture the sights and activities of America's past.

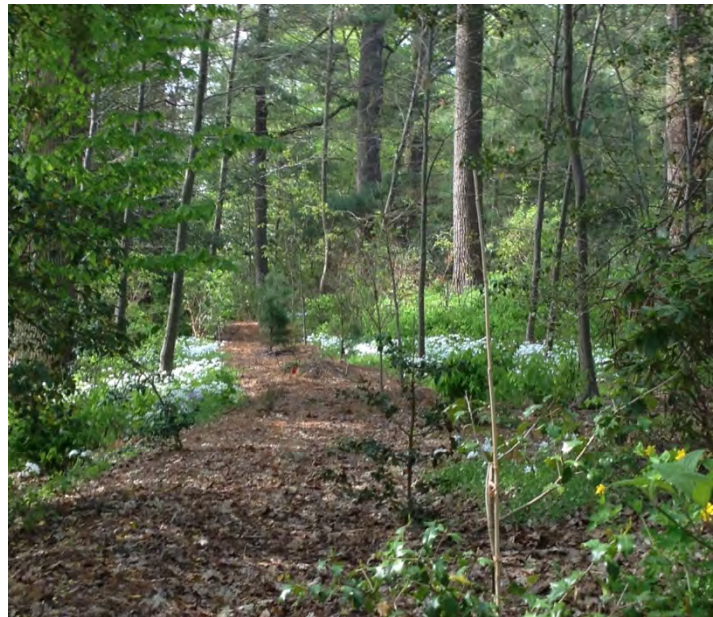
2) MARKET AREA OVERVIEW

A) Pocono Mountain Region Market

The Pocono Mountain Region is the primary market force in the area of the Park and includes several counties and approximately 2,400 square miles. The Pocono Mountain Region contains 170 miles of river, hundreds of square miles of woodlands, 163 ski trails, and over 260 miles of hiking and biking trails. Activities include skiing and other winter sports, hiking, biking, fishing, camping, white water rafting, swimming, and golfing.² The area attracted over 23 million visitors in 2012, an increase of 2.4 million from 2010 figures. Overnight visitors totaled 9.1 million in 2012.

From 2010 to 2012, day trip spending in the Poconos increased from \$800 million to \$936 million (a 17% increase) and overnight spending increased from \$1.2 billion to \$1.3 billion (an 8% increase). In 2013, the Pocono Mountain Visitors Bureau supported the visitation momentum by running a \$1.5 million summer marketing campaign aimed at the New York City and Philadelphia areas, featuring highway signage used along major regional highways and roads³

The area is easily accessible from major metropolitan areas as multiple interstates cross through the region including Interstate Routes 80, 81, and 84, as well as the Northeast Extension of the Pennsylvania Turnpike, I-476. The Poconos are accessible to New York City and to Philadelphia, both of which have major airports with flights from national and international locations. Smaller regional airports in Allentown-Bethlehem and, Wilkes-Barre-Scranton, also service the Pocono Mountains area.



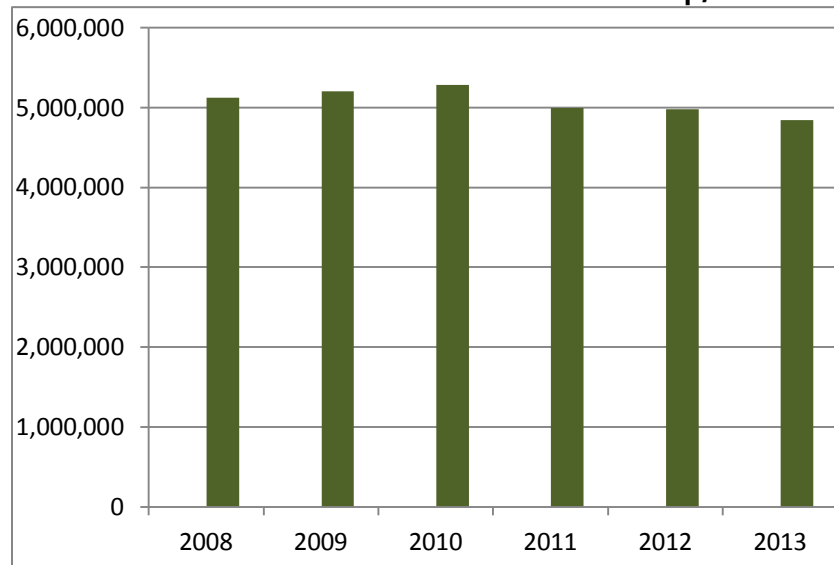
B) Delaware Water Gap National Recreation Area Visitation

Of all who visit the Poconos region, the Park receives about 5 million annual visitors with the majority of that visitation occurring from late Spring to late Autumn. Overall visitation to the Park has been steady and with few major fluctuations.

² Pocono Mountain Visitors Bureau, 2013

³ Pocono Mountain Visitors Bureau , 2013



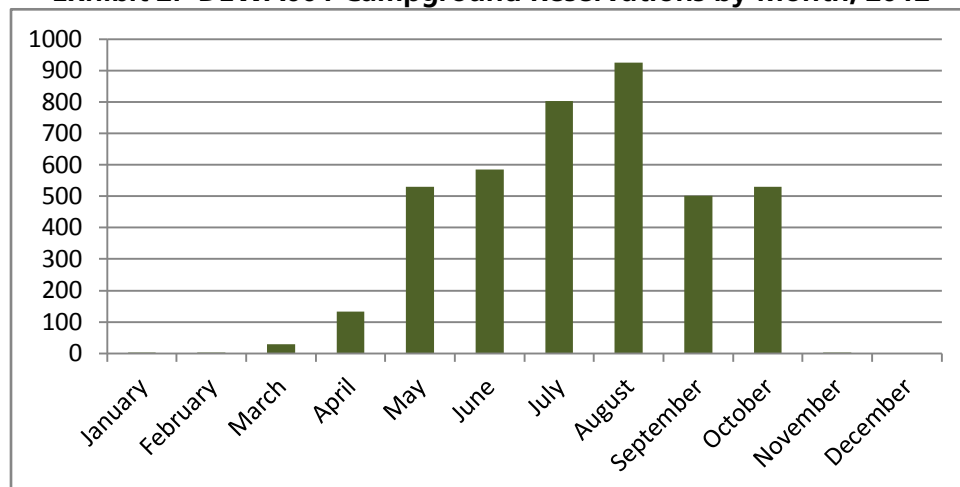
Exhibit 1: Annual Visitors to Delaware Water Gap, 2008-2012

Source: National Park Service

C) Dingmans Campground and Surrounding Area

Dingmans Campground is located just outside of Dingmans Ferry, PA near the middle of Delaware Water Gap National Recreation Area. The campground is located about 13 miles north of the Park Headquarters and Visitor Center in Bushkill, Pa. on Route 209. This situates the campground in the center of the Park and on both the Delaware River and the McDade Recreation Trail, a popular hiking and biking trail that runs through the site.

The majority of campground use occurs in the April to October timeframe, with nearly 99% of reservations occurring during this time period. Depending on weather, there can be some activity in March and November. Basic full year occupancy rates for the entire season of mid-April until mid-October are in the 25-30% range with July and August being the busiest months operating in the 50-60% range. An average stay is generally 2 nights. A season of reservations by month is illustrated in Exhibit 2 below.

Exhibit 2: DEWA001 Campground Reservations by Month, 2012

Source: National Park Service Annual Financial Report



There are other campgrounds located within a 15-20 mile radius of Dingman's Ferry that compete within the market area. There are sites available that are both state and privately owned and operated. However, Dingman's Campground is located in the heart of the National Recreation Area providing a distinct convenience to anyone wishing to enjoy the National Recreation Area facilities and activities.

Exhibit 3: Camping Areas within 15 - 20 Miles of Dingman's Campground

Name of Camping Area	Number of Sites	Average Nightly Rate	Other Notes
Promised Land State Forest, Pennsylvania	500+	\$25	4 camping areas surrounding large lakes
Delaware State Forest, Pennsylvania	Unknown	\$25	
Worthington State Forest, New Jersey	75	\$20-25	Also has 3 group camping areas
High Point State Park, New Jersey	50	\$20-25	Also has 2 group camping areas and some cabins
Stokes State Forest, New Jersey	109	\$20-25	
Swartswood State Park, New Jersey	65	\$20-25	
Kittatinny Valley State Park, New Jersey	0	\$5/person	3 large group camping areas are available
KOA Campground, East Stroudsburg, Pa	150+	\$30-60	Rates depending on amenities necessary
Kittatinny Canoe River Beach Campground, Pa	160	\$11-18	Located on the river and with Canoe business. Most activity north of the camping area in the New York section of the river
Dingman's Campground, Dingman's Ferry, Pa	133	\$30-35	Direct access to Delaware River and McDade Trail

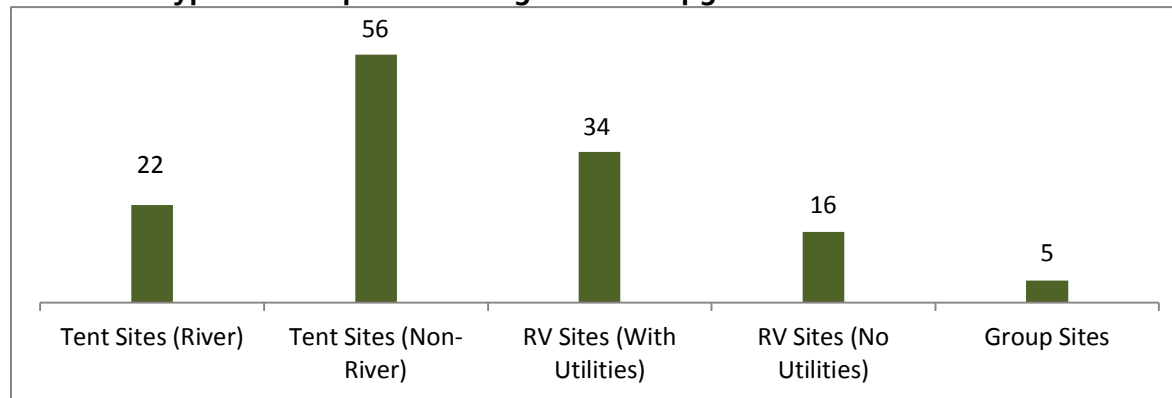
Sources: *Pennsylvania State Park and New Jersey DEP websites, KOA website, Kittatinny Canoe website*

3) CURRENT CONCESSION OPERATION

A) Contract

The concession operation is currently operated by Teresa A. and Walter D. Toomer. The terms and conditions for these visitor services are laid out in the Current Contract, CC-DEWA001-04 (a copy of which is included as Appendix A to this Prospectus). The Current Contract is a 10-year contract which expires on September 14, 2014, but which has been lengthened to operate through December 31, 2014 per a contract extension.

Exhibit 4. Types of Campsites at Dingman's Campground



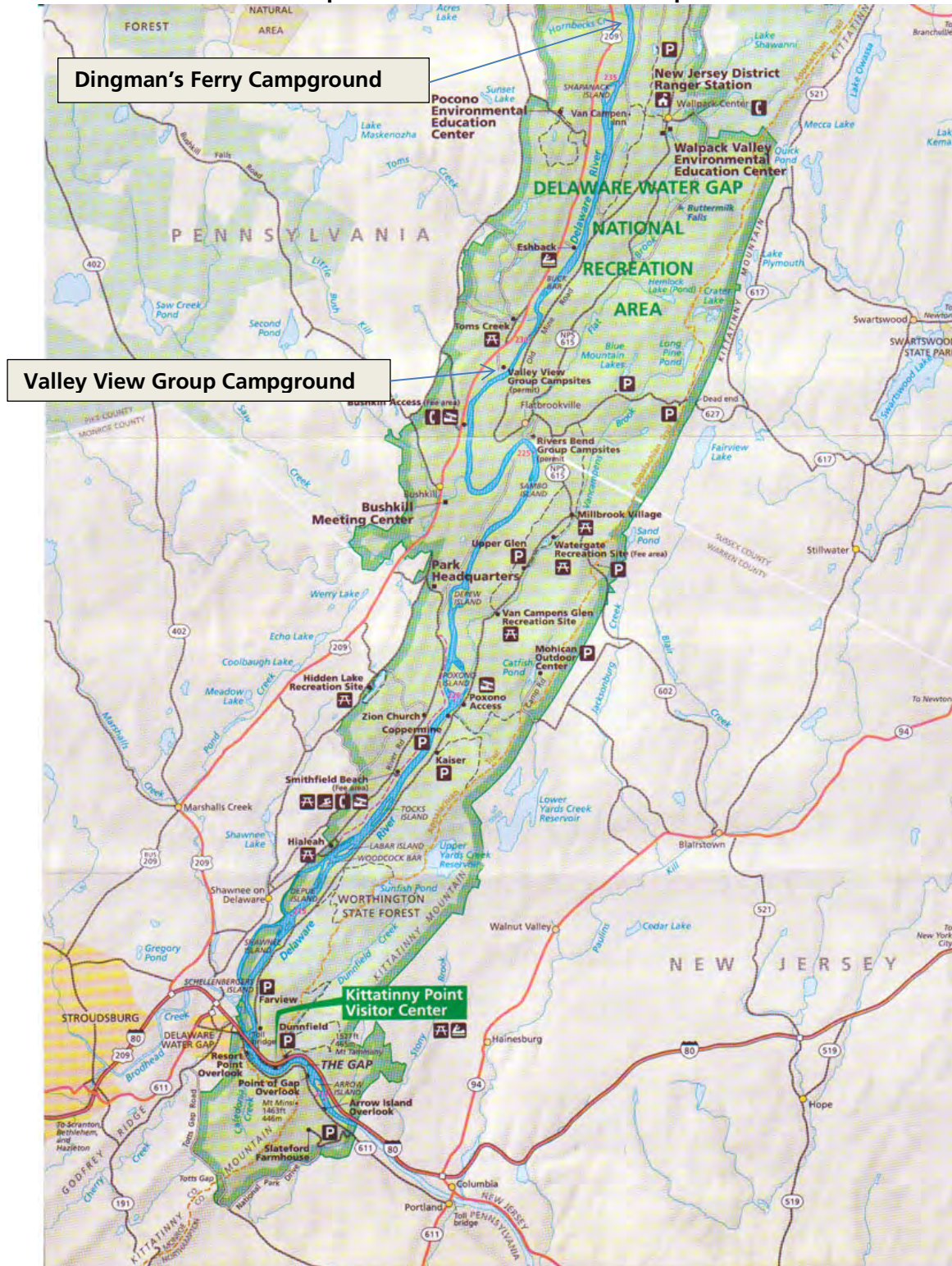
Source: *National Park Service, 2013*



B) Location

The Concessioner's land assignment is detailed in Exhibit C of the Draft Contract and contains approximately 40 acres which includes all campground roads, and two shower/restroom facilities,

Exhibit 5: Delaware Water Gap National Recreation Area Map



And an office/retail store that is approximately 1,600 square feet in size. The land assignment contains approximately 128 individual campsites and 5 group campsites.

There are 4 additional group campsites (which represent a new revenue stream potential for the next concessioner), located on 2 acres at the Valley View Group Camping Area which is located about 7 miles south of Dingman's Ferry. Valley View is an additional land assignment to this contract.

4) **HISTORICAL INFORMATION**

A) Revenues

The Proposal Package requires Offerors to develop financial projections based on the services required under the Draft Contract. In order to assist the Offerors in the development of these projections, historical financial and operating data is presented on the following pages.

Revenues have generally trended positively with some yearly variations. 2010 revenues dropped significantly from the 2009 figure; however, these figures jumped back up 50% in 2011 and an additional 7% in 2012 to slightly over \$364,000 in gross revenue. There was a reduction in sales in 2013 attributed to the closure of the Federal Government from October 1-17. The operation was required to suspend operations during the popular and busy leaf season.

Revenues consist of five categories of service and merchandise, historically. In the past several years, campsite revenue has accounted for an average of 54% of Gross Revenue (GR), General Merchandise 22%, Canoe and Kayak Rentals 19%, Firewood Sales 4%, and Group Campground Sales 1%.

Exhibit 6. Annual Gross Revenues by Category, 2010-2013

	2010	2011	2012	2013
Campground	\$91,932	\$193,616	\$192,864	\$176,305
General Merchandise	\$56,794	\$70,433	\$93,633	\$46,341
Canoe Rentals	\$61,648	\$57,406	\$75,113	\$46,592
Firewood Sales	\$14,992	\$17,109	\$0 ¹	\$18,170
Group Campground	\$4,430	\$3,270	\$3,240	\$1,390
Total	\$229,796	\$341,834	\$364,850	\$288,798

Source: National Park Service

¹ Firewood Sales were not listed in 2012 Annual Financial Report and are included in other categories.

B) Expenses

Operating expenses at DEWA001 averaged close to industry standards when compared to similar RV and camping operations nationally over the historical period. Exhibit 7 shows how those expenses compare to national standards.



Exhibit 7: Expense Comparisons Between RV and Camping Industry and Dingman's Campground 2009-2012

RMA Industry Statement Studies 4 Year Average 2009-2012		Dingman's Campground 4 Year Average 2009-2012	
Average Revenue	\$427M	Average Revenue	\$303M
Operating Expenses	82.8%	Operating Expenses	87.6%
Average Operating Profit	17.2%	Average Operating Profit	12.4%
EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)	8.6%	EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)	6.2%

Source: Robert Morris Associates (RMA) Statement Studies.org/Industry

5) FUTURE CONCESSION OPERATION
A) Scope of Services Required or Authorized

This following Exhibit 8 provides a detailed table of required and authorized services under the Draft Contract in comparison to the Current Contract. It should be noted that in the Current Contract, a number of the Required and Authorized Services were erroneously listed in the Required Services section instead of in the Operating Plan. These are not included in this list.

Exhibit 8. Required Versus Authorized Services at DEWA001

	Current Contract	Draft Contract
Camping Services	Required	Required
Retail- Camping Supplies and Equipment	Required	Required
Canoe and Kayak Rental	Authorized	Required
Firewood Sales	Authorized	Required
Group Camping at Valley View Site	Not Authorized	Required
Food and Beverage pre-packaged	Authorized	Authorized
Limited Souvenir and Gift Sales	Authorized	Authorized
Bicycle Rental	Authorized	Authorized
Cross-Country Ski Rental	Authorized	Authorized
Removable Camper Cabins	Not Authorized	Authorized
Special Events	Not Authorized	Authorized



Tent and Camping Equipment Rental and Set-up Service	Not Authorized	Authorized
ATM Machine	Not Authorized	Authorized

Source: National Park Service Current and Draft Contracts

Regarding Scope of Services, the Draft Contract will differ from the Current Contract in the following manner:

- The Draft Contract will be a Category II whereas the current contract is a Category I. This change means that the Concessioner will neither be permitted nor required to construct or install capital improvements³.



Services will be authorized.

- Firewood Sales will become a Required Service whereas they are currently authorized.
 - Group Camping services, provided by the Concessioner will now be required at Valley View.
 - Special Events will be allowed subject to Superintendent approval.
 - Canoe and Kayak Rentals will become a Required Service whereas they are currently authorized.
 - Removable Camper Cabins will become an Authorized Service whereas they were previously not authorized.
 - Tent and Equipment Rental

B) Special Considerations and Additional Business Opportunities

The Service recognizes that changes in the list of required and authorized services provides a more substantial foundation that the successful offeror can use to expand the business' potential. Other opportunities and advantages that the Service sees in the years ahead that could influence revenues include:

- The Delaware Water Gap National Recreation Area occasionally holds, and intends to explore the possibility of holding even more events at the Park, which can help boost visitation at the Concession operation. For example, a triathlon with approximately 1,200

³ Definition – Capital Improvement – See Draft Contract Exhibit E Maintenance Plan – Part A – General Standards



participants is scheduled to be held in September 2014. If this event is successful, it could lead to future triathlons and similar events in the Park, expanding the camping area's potential customer base.

- New restroom-shower buildings are to be constructed sometime in 2015-2016 by the NPS, replacing the older versions of the same and will provide modern and more comfortable accommodations for camping visitors.
- The authorization of Tent and Camping Equipment Rental and Set-up Service provides an opportunity for the Concessioner to encourage people, new to camping, to try it without a major investment in equipment. It establishes an opportunity to build customer loyalty and with a positive experience, an expanded customer base.
- The authorization of camper cabins provides an opportunity to extend the camping season significantly and bring additional revenues.
- Bicycle rentals and the authorization of pre-packaged foods for sale at the camp store can provide additional opportunities for revenue streams that can help the business.
- With the Concessioner taking over the group camping area at Valley View, additional revenue opportunities become available for an operator who can successfully market group camping to users that would be interested in such a service.

C) Projected Future Revenues

In developing projected revenue and expense estimates, the Service made assumptions outlined below. Some or all of the projections may not materialize and unanticipated events may occur that will affect these projections. The Offeror should be appropriately cautious in the use of all operating estimates. Although the Service does provide some financial projections, Offerors are responsible for producing their own prospective financial analyses and may not rely on the Service projections. The Service does not warrant, and assumes no liability for, the accuracy of the financial projections or estimates contained in this prospectus.

Aside from the aforementioned special considerations, it appears that the reduction of 2010 revenue figures, as compared to 2009, were an anomaly as revenues rebounded to \$339,000 in 2011 and increased 7% to \$362,000 in 2012. While sales declined in 2013, it was directly attributed to the government closure for 17 days in October at the height of the popular leaf season.

In 2015 and beyond, revenue increases are conservatively projected to improve from historical figures by the overall rate of inflation. However, as previously mentioned, the Service does see potential for greater revenue increases with concessioner inclusion of enhanced services such as bicycle rentals, camper cabins, and pre-packaged food and beverage.

D) Projected Future Expenses

As historical expenses are within industry norms, the Service estimates that direct and indirect expenses will continue to be within industry average ranges as they have been in the immediate past and as illustrated in Exhibit 7.



6) INVESTMENT ANALYSIS

A) Personal Property

A new concessioner will need to purchase appropriate personal property such as picnic tables, fire rings, canoes, kayaks, personal flotation devices (PFDs), paddles, etc. from a source(s) to operate the concession. The Park will also look for the new concessioner to install and have available a Water Filling Station for campers and visitors to be able to fill carry-on containers and eliminating the need for plastic water bottles. The estimated value of the personal property necessary to operate this business is calculated at \$275,000. The amount was determined by an analysis of the current concessioner's personal property priced out for what a new concessioner would likely need to purchase to operate a similar business.

B) Inventory

A new concessioner will also need to purchase food, beverage and retail inventory before beginning the contract. The \$11,000 projection used is based on a five-year average provided by the current concessioner. This estimate reflects inventory on hand at the beginning of the season when business is slowest; essentially when a contract transition would take place. Mid-season inventory levels would be substantially higher and any potential offeror will want to account for this fact in its projections.

C) Supplies

The new concessioner will likely purchase operating supplies necessary for opening the business in the same manner in which they will purchase inventory. At the time of transition very little will be needed; whereas needs will increase as the business comes into its busier times of the year. The estimate used here, \$350, is based on one-third of the projected supply expense for the entire first year of the contract.

D) Deferred Maintenance

As a requirement of the Draft Contract, the Concessioner must cure deferred maintenance (DM) in structures within the land assignment. The DM forecast assumes the Concessioner will maintain buildings according to the Maintenance Plan (Exhibit E to the Draft Contract) and will not incur additional DM beyond that which already exists. NPS estimates that DM will be approximately \$2,799 in 2015. Detailed descriptions of DM projects can be found in Attachment 1 to Exhibit E of the Draft Contract.



Exhibit 9. Schedule of Estimated Initial Investment¹

Investment	Total
Personal Property	\$275,000
Inventory	\$11,000
Supplies	\$350
Deferred Maintenance (Year 1 DM) ²	\$2,799 ²
TOTAL	\$289,149

¹ Estimates are not warranted by the Service, but are included to provide a reasonable expectation of the investment associated with the requirements herein.

² Represents Year 1 (i.e., 2015) DM not covered by regular operating expenses. See Exhibit E, Attachment 1 for a detailed list of DM.

E) Leasehold Surrender Interest

The Draft Contract is a Category II Contract and, therefore, does not contain any Leasehold Surrender Interest authority and the Concessioner will not obtain such a compensable interest as defined in 36 CFR Part 51.

7) PREFERRED OFFEROR DETERMINATION

The 1998 Concessions Act includes a limited right of preference in renewal for certain categories of qualified concession contracts. Pursuant to 36 C.F.R. Part 51, the Director has determined that there is no preferred Offeror for the Draft Contract and that this contract should be considered “fully competitive”.

8) REPAIR AND MAINTENANCE RESERVE

No Repair and Maintenance Reserve is required under the Draft Contract.

9) FRANCHISE FEE

The minimum franchise fee will be equal to **six percent (6.0%)** of the Concessioner’s annual gross receipts for the term of the Draft Contract. However, Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (Included in Tab III of this Prospectus).





10) SITE VISIT

A one-day site visit will occur on the date listed on the inside cover of this Prospectus. For more information regarding the specific time and to reserve a place, please contact the Park:

Michele Kuna
Delaware Water Gap National Recreation Area
1978 River Road
Bushkill, PA 18324
Telephone: (570) 426-2440
E-mail: Michele_Kuna@nps.gov

This site visit will be an opportunity for all interested parties to get an overview of the concession operation along with a tour of concession facilities associated with the Draft Contract.

11) TERM AND EFFECTIVE DATE OF DRAFT CONTRACT

This term of the Draft Contract will be for ten years with a forecast effective date of January 1, 2015. The effective date of the Draft Contract is subject to change prior to contract award if determined necessary by the Service.

